

CHAPTER NO. 204

HOUSE BILL NO. 1467

By Representatives Head, Coleman

Substituted for: Senate Bill No. 1530

By Senator Henry

AN ACT to amend Tennessee Code Annotated Titles 5, 6, and 9 relative to investments for debt proceeds.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 9-4-602, is amended by adding the following as a new subsection:

(c)

(1) The state funding board is authorized to establish policy and procedure for investment of bond proceeds (as defined below) in guaranteed investment contracts, including security requirements, if any. Prior to the adoption or promulgation by the state funding board of such policy and procedures, the entities listed in this subsection may enter into such investments to the extent otherwise authorized by law. Nothing in this subsection is intended to alter any existing authority in this chapter or in any other law otherwise providing authority for an investment entered into prior to the adoption or promulgation by the state funding board of such policy and procedures.

(2) "Bond proceeds" means the proceeds from the sale of bonds, notes, and other obligations issued by the state funding board, the state school bond authority, the local development authority, state housing development agency and the state veterans' homes board, and reserves and funds maintained for debt service purposes.

(3) A guaranteed investment contract is an authorized investment for bond proceeds if the guaranteed investment contract:

(A) Has a defined termination date no later than five and one-half (5 1/2) years from the date of issuance of the debt obligations, except for funds held in a debt service reserve fund, which shall be no later than the final maturity of the debt obligations; and

(B) Complies with standards in the policy established by the state funding board, including creditworthiness.

(4) The governing body of the entity shall, in the resolution or action authorizing the issuance of bonds, expressly authorize guaranteed investment contracts as an eligible investment.

SECTION 2. No expenditure of public funds pursuant to this act shall be made in violation of the provisions of Title VI of the Civil Rights Act of 1964, as codified in 42 United States Code 2000(d).

SECTION 3. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect the provisions or application of the act which can be given effect without the invalid provision or application, and to that end the provisions of this act are declared to be severable.

SECTION 4. This act shall take effect July 1, 2003, the public welfare requiring it.

PASSED: May 15, 2003



JIMMY RAIFEH, SPEAKER
HOUSE OF REPRESENTATIVES



JOHN S. WILDER
SPEAKER OF THE SENATE

APPROVED this 29th day of May 2003



PHIL BREDESEN, GOVERNOR